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tions here exactly the same as in England. Nevertheless, there can be no doubt that Judge Gould's decision will give a marked impetus to the growing sentiment among American trade-unionists in favor of independent political action. It hardly seems probable that the trade-unionists will allow themselves to be beaten back from position to position without using every weapon in their arsenal. The one powerful weapon, which, as yet, they have hardly begun to utilize, is the ballot.

Employers' associations may destroy this or that particular manifestation of trade-unionism, but they cannot destroy its spirit. The trade-union spirit is an inevitable outcome of the activities and environment of the wage-worker under present industrial conditions, and cannot be destroyed so long as those conditions remain unchanged. If one weapon of the trade-unionists is destroyed, he is practically certain to find or develop another—perhaps more effective—to take its place.

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WASHINGTON NOTES

ALDRICH BILL

FOWLER BILL

COMPTROLLER ON BANKING CONDITIONS

EMPLOYERS' LIABILITY

PHILIPPINE TARIFF

With the opening of Congress after the holiday recess, the real currency discussion of the winter has begun. Senator Aldrich introduced on January 7 a bill (S. 3023) "to amend the national banking laws." This bill is the joint product of Senators Hale, Allison, and Aldrich, and represents the currency ideas which have latterly been taking shape in the Senate. Its main thought is that of creating an "emergency currency" based on state, municipal, and railroad bonds. These bonds are to be deposited with the treasurer or any assistant treasurer of the United States, and are to form the basis of the emergency issues. Such issues are, however, not to amount in the aggregate to more than \$250,000,000 and they are not to be issued by any bank unless it already has outstanding bank notes of the present type secured by United States bonds and aggregating 50 per cent. of its capital stock, while

it is further required to have a surplus of not less than 20 per cent. The limit of the notes to be issued to any bank under the new conditions is to be fixed by the comptroller of the currency, but in no case shall amount to more than the unimpaired capital and surplus of the bank, while the new notes shall never exceed 75 per cent. of the market value of the bonds deposited with the treasurer. The bonds whose deposit is thus to be permitted are to be those issued by states, counties, and cities under certain conditions, or the first mortgage bonds of railroads which have paid dividends of not less than 4 per cent. on their capital stock continuously for a period of five years preceding the time when they are deposited. The Aldrich Act further provides for the levy of a tax of one-half of 1 per cent. a month upon the emergency notes. Limitations upon the rate of withdrawal of bank notes are removed and the banks are allowed to take out notes in such denominations as they may desire. Furthermore they are to be required to keep two-thirds of their lawful reserve in "lawful money" when they are located outside of reserve or central reserve cities.

On the day following the appearance of the Aldrich Bill in the Senate there was laid before the House (January 8) a bill largely prepared by Representative Charles N. Fowler, of New Jersey (H. R. 1267). This bill, although not formally reported by the sub-committee which was appointed by Mr. Fowler before the holiday recess, represents the views of that committee in substance, so far as it was possible to reach an agreement. The Fowler Bill provides for the issue of what are called "national bank guaranteed credit notes." These notes are to be issued by national banks to an amount determined by a redemption mechanism created in the act. This redemption mechanism is provided by organizing the banks in different parts of the country into "redemption districts," each presided over by a board of managers representing the banks of the district and elected by them. Each district is to be under the oversight of a deputy comptroller of the currency. The new notes are to be issued without the requirement of any bond deposit and are to supersede the existing national bank notes under a plan provided in the act. The banks are to contribute by means of a tax upon circulation to the creation of a fund which is to be used to guarantee the payment of all individual deposits, all bank notes, all bank deposits, and all government deposits, without discrimination or

preference in the event of the failure of any bank issuing such notes. This fund is also to carry the expenses incurred in conducting the bank-note redemption agencies. Temporarily unused portions of the fund are to be invested in government bonds, preference being given to those now deposited with the Treasury by the banks either as security behind notes or behind public funds. It is also provided in the act that national banks may under certain conditions accept savings accounts and do a trust-company business. There are also provisions for strengthening reserves. Means for the retirement of the greenbacks now outstanding are to be supplied in the event that the guarantee fund created by the banks accumulates in excess of specified amounts. It is also sought to fix the conditions under which national banks pay interest upon private deposits and issue time certificates to depositors.

The political situation in Congress at the beginning of the real currency struggle of the winter is of considerable interest. In the Senate the Aldrich group is practically in control of the situation and, by making moderate concessions to Democratic and other opposing interests at the proper moment, will in all probability succeed in passing its measure. In the lower house, the situation is exceedingly confused. For a long time, there has been a general distrust of Chairman Fowler of the House Banking and Currency Committee. This distrust has seemingly been due to Mr. Fowler's disposition to shape proposed bills along large theoretical lines, rather than to confine himself to the narrower but more practicable schemes likely to find a favorable hearing. In consequence, practically no currency leaders have developed in the lower chamber. Speaker Cannon has been opposed to scientific action and the same is true of other Republican managers, none of whom have ever shown a true appreciation of the principles of bank currency. Taking Congress as a whole, there has probably never been a time when there was so little real disposition or ability to examine the currency question carefully on its merits. This being true, the utmost that could be expected would be that some measure of purely temporary character looking in the right direction, although not likely to correct the most serious evils of the existing situation, should be enacted. If Chairman Fowler and the House Banking and Currency Committee were willing to direct their efforts to this end, they could furnish valuable leadership of a practicable kind which would probably be able to offset the influences originating in the

Senate. Their unwillingness to limit themselves and concentrate their influence means in effect that the House is left disorganized on the currency question, and this implies that it will be likely to accept the measure which is sent to it from the upper chamber. Such a situation represents a considerable retrogression from the period when the House was instrumental in shaping and securing the passage of the currency reform law of March 14, 1900.

Comptroller Ridgeley's report of bank conditions on December 3, 1907, makes a notable showing which conveys many lessons with regard to the effects and causes of the panic. The report exhibits the bank condition not precisely as it was at the height of the difficulty, but as it had developed at the date when the outlook began slightly to improve. The report indicates that reserves of immense and unprecedented character had accumulated in the vaults of interior banks, notwithstanding that these very institutions had been calling so loudly for assistance during the period when the shortage of cash in the central reserve cities and in the Treasury Department was at its worst. In a good many southern and western states the figures show that the banks had heaped up reserves as large as 35 or 40 per cent., while there were individual instances of much larger accumulations. This meant a corresponding withdrawal of cash from circulation and public deprivation of ways and means of payment to like amounts. The reserve returns also show that the banks of the larger places and particularly of those situated on the Atlantic seaboard did their duty by facilitating the process of liquidation and in so doing necessarily allowed themselves to be considerably depleted by the demands of small correspondent banks which were practically panic stricken. The showing made is exceedingly suggestive of the aid which would have been derived from free issues of national bank notes if the latter could have been secured without the necessity of waiting over the long period requisite for getting cash from the national Treasury by the present process of printing and shipping the notes after offered bonds have been received and approved. Another suggestive element in the showing made is found in the fact that the clearing-house certificates put out by the different banks were issued in almost total disregard of the requirements of the situation. In many places they were paid out (and other forms of payment practically suspended) notwithstanding immense reserve accumulations in the bank vaults.

The inference properly to be drawn is the need of co-ordinated control over the creation of such substitutes for cash and bank notes.

A decision of much importance, both politically and from a legal standpoint, has been handed down by the Supreme Court of the United States in the employers' liability cases pending before that body (January 6, 1908, Supreme Court of the United States, Nos. 216 and 222—October term, 1907—Howard vs. Illinois Central Railroad Co., etc., and Brooks vs. Southern Pacific Co.). In these cases, the court by a divided vote has completely laid aside the employers' liability act passed by Congress two years ago in which it was sought to make common carriers liable in damages for injuries incurred by their employees in the line of duty, no matter whether such injuries were incurred as a result of the carelessness of a fellow-servant or not. Justice White, delivering the opinion of the court in these cases, maintains that "the statute, whilst it embraces subjects within the authority of Congress to regulate commerce, also includes subjects not within its constitutional power and that the two are so interblended in the statute that they are incapable of separation," so that "the courts below rightly held the statute to be repugnant to the constitution and non-enforceable." The features of the act which are held by the court to be without the power of Congress in regulating interstate commerce are the relations between the common carriers and those employees who are not directly engaged in carrying on interstate commerce. The court apparently accepts the proposition that Congress can pass and make effective such legislation as this as regards men actually engaged in the bona fide conduct of interstate commerce. Justice Moody's dissenting opinion is based upon the contention that no clear or distinct line can be drawn between the business of interstate carriers which is, and that part of it which is not, subject to the power of Congress to control interstate trade. This decision is of course a severe blow to the ambitious and radical plans which had been formed by President Roosevelt with reference to inclusive employers' liability legislation. Mr. Roosevelt has had a special investigator at work on this subject for some time past, and in his annual message to Congress at the opening of the current session advocated the passage of extensive legislation imposing upon employers a liability for injuries incurred by employees independent of the question whether such employees were negligent or not. Bills to remedy the

defects found by the Supreme Court in the existing legislation have already been introduced and it is evident that the subject will hold an important place in congressional debate.

Secretary Taft's return from the Philippines has furnished the occasion for the introduction of several new plans for tariff reductions upon articles entering the United States from the islands. The bills now pending before the House of Representatives have been referred to the Ways and Means Committee for discussion and hearings. One of them provides for the reduction of duties on Philippine goods to 25 per cent. of the Dingley rates, and a second for complete free trade in Philippine products. Almost simultaneously with the introduction of these measures there was effected a combination between Democrats, beet-sugar and tobacco interests, and advocates of Philippine independence. The object of the combination is to insist upon the acceptance of a clause providing for independence of the Philippines at some date in the near future, this to be a condition of the reduction or abolition of duties pending the arrival of the time agreed upon as the date for independence. Careful examination of the records of members of the House show that, if every Democratic vote could be controlled and combined with all the votes representing the other interests in question, it would be possible to put through the lower chamber a measure of the kind referred to. Perceiving the strength of the opposition, Secretary Taft has presented to the beet and tobacco interests two alternative plans. One of these is the limitation of the quantity of sugar and tobacco to be annually admitted into the United States from the islands. The other is an agreement to defer the demand for Philippine tariff reform until the time comes for attempting a general tariff revision. Neither of these plans has been favorably received by the domestic interests affected. The question remains whether these interests can, through the combination already proposed, make an effective resistance. Few persons believe that such resistance would be finally practicable. Republicans opposed to Philippine tariff reduction have so rearranged the personnel of the Senate Committee on the Philippines that there is practically no likelihood of getting a favorable report from that body should a tariff reduction measure go through the lower house and be sent to the upper.